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## Letter dated 2 June 2008 from the Permanent Representative of the Lao People's Democratic Republic to the United Nations addressed to the President of the Economic and Social Council

I have the pleasure to transmit the national report on progress towards the implementation of the internationally agreed development goals of the Lao People's Democratic Republic, to be presented at the annual ministerial review during the high-level segment of the 2008 substantive session of the Economic and Social Council (see annex).

In this regard, I would be grateful if you would circulate the present letter and its annex as a document of the Economic and Social Council, under item 2 (c) of the provisional agenda.

(*Signed*) Kanika **Phommachanh**
Ambassador
Permanent Representative

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**Annex to the letter dated 2 June 2008 from the Permanent Representative of the Lao People's Democratic Republic to the United Nations addressed to the President of the Economic and Social Council**

# National report of the Lao People's Democratic Republic on progress towards the implementation of the internationally agreed development goals

**National voluntary presentation**

*Summary*

This report forms a brief picture of the implementation of selected internationally agreed development goals by the Government of the Lao People's Democratic Republic over the past years. It highlights achievements made and identifies the key challenges encountered and provides lessons learned. It focuses on five important areas that the Lao Government considered crucial, namely, poverty eradication, education, health, gender equality and sustainable development.

In general, considerable progress has been made in the implementation of international development goals in these areas. Overall poverty rate has steadily declined from 46 per cent to 33 per cent during the decade 1992/3-2002/3 and reached 28.7 per cent by 2006. With this pace of progress, the country is on course to attain the Millennium Development Goal target of halving poverty by 2015. However, since poverty reduction is propelled by economic growth, the challenge for continued poverty reduction in the Lao People's Democratic Republic is to sustain the level of economic growth achieved over the previous decade.

In education and health, progress has been positive. Progress in education is reflected in the continuous progress across all key indicators, for instance: net enrolment rates in primary schools rose from 58 per cent of primary school-age children in 1991 to 84 per cent in 2005; the retention rate, although slow is improving; literacy rates increased nationwide; priority districts improved more than the national average, especially at primary age (basic education) and literacy almost doubled from 31 per cent to 58 per cent. On the health front, the child mortality indicators are improving satisfactorily. The under-five mortality rate declined from 170 to 98, and the infant mortality rate from 104 to 70 per 1,000 live births between 1995 and 2005.

The progress in promoting gender equality has varied. While considerable achievements have been recorded in terms of the woman's role in the decision-making process, especially the representation of women in the National Assembly, there is yet an existing gap in the enrolment rate between boys and girls, as well as challenges associated with the capacity-building of women. As regards sustainable development, various measures have been undertaken by the Lao Government to protect the environment, while promoting economic growth.

**Despite progress and achievements made over the past years, this report notes that a lot needs to be done both by the Lao Government and the international community to help the Lao People's Democratic Republic attain all international development goals and targets. However, good practices and lessons learned can be drawn from the implementation process undertaken in this country.**

## 1. Introduction

Classified by the UN as a Least Developed Country (LDC), the Lao PDR is one of the poorest countries in Asia. With an estimated per capita income of US $678, a population of around 5.6 million[1], and a land area of 236,800 km$^2$, the country has significant natural resources, including forestry, minerals, and hydropower. In spite of a declining share, agriculture is still the largest sector in the Lao economy, contributing 42% to GDP in 2006 and employing nearly 80% of the labour force. Landlocked and increasingly becoming land-linked, the Lao PDR shares borders with Cambodia, China, Myanmar, Thailand and Viet Nam and most of these neighbours are growing rapidly.

The Lao PDR is also one of the most ethnically diverse countries in the world, with 49 official ethnic groups comprising some 200 ethnic subgroups. The population can be grouped into four broad ethnic categories: Lao-Tai, Mon-Khmer, Hmong-Iu Mien and Sino-Tibet. While the variety of languages spoken by the different ethnic groups contributes to the rich linguistic diversity in Lao PDR, it also makes the task of including these groups in national development more complex. While most of the non-Lao-Tai live in upland areas, there is a wide disparity in geographic, economic and social living conditions, and cultural diversity that provide additional dimensions to the already challenging task of reducing poverty and move a subsistence-oriented and low-income country out of the LDC category by 2020.

The introduction of the "New Economic Mechanism" in 1986 began the country's transition from a centrally planned economy to a market-oriented economy. Since then, the national economy of the Lao PDR has grown steadily. In the 1990s, it grew at an average rate of 6.3%. Annual growth has averaged 6.5% during 2000-06 and by 2007 it reached 7.5%. The Government aims to maintain the rapid economic growth so as to improve the living conditions of its people, meet the Millennium Development Goals (MDGs) by 2015 and graduate out of the LDC status by 2020[2].

Poverty reduction forms the cornerstone of the Government's development agenda. It finalised an Interim Poverty Reduction Strategy (I-PRSP) in April 2002. The Government combined the I-PRSP with the then on-going 5$^{th}$ National Socio-Economic Development Plan (NSEDP) to prepare the National Poverty Eradication Programme (NPEP). After consultations and discussion in the National Assembly, the NPEP was upgraded to the National Growth and Poverty Eradication Strategy (NGPES) in 2004. The NGPES provided the framework for the country's future growth and poverty eradication programmes, and outlined the policy reform and public expenditure programmes needed to graduate the Lao PDR out of the LDC status by

[1] 2006 estimates.

[2] See enclosure for criteria for eligibility for least developed country status.

2020. Fully aligned with the MDGs, the NGPES forms a central part of the current 6th NSEDP (2006-10).

The Lao Government is strongly committed to implementing the 6th NSEDP (2006–10), which aims to create an enabling environment for economic growth, poverty eradication and macroeconomic stabilization. The NSEDP supports the achievement of the international development goals including MDGs, and the indicators and targets of the NSEDP coincide with most of those for the MDGs.

## 2. Implementation of the international development goals

### *2.1. Eradicate Extreme Poverty and Hunger*

Poverty in the Lao PDR is lower in urban than in remote areas; in localities with roads than those without roads. It is heavily concentrated in upland areas inhabited largely by ethnic groups. Recognizing this feature, the Lao Government's poverty reduction strategy, as laid out in the National Growth and Poverty Eradication Strategy (NGPES) and the NSEDP (2006-10), revolves around the prioritization of 47 poorest districts for special poverty reduction programmes.

In view of the difficult geography and remoteness of parts of the country, the NGPES endorsed a strategy of poor area development. The implementation focused on the 47 priority districts out of a total of 142 districts, identified on a set of household, village, and district level indicators.[3] Subsequently, it was extended to another 25 poor districts[4]. Part of the Government's rural development and poverty alleviation strategy, resettlement or relocation of remote communities has been used by the Government to pursue multiple objectives such as reduction in shifting cultivation, eradication of opium cultivation, provision of social service, and enhance cultural integration and nation-building.

As a result, with strong commitment by Government and the international donors a remarkable record of poverty reduction has been made over the last fifteen years. Poverty in Lao PDR declined steadily from 46% to 33% during the decade 1992/3-2002/3 and reached 28.7% by 2006. With such pace of progress, the country is on course to attain the MDG target of halving poverty by 2015. Food poverty declined faster than overall poverty between 1992/3 to 2002/3, and the average number of months without sufficient rice in villages dropped between 1997/8 to 2002/3.

[3] For example, the household indicators include income and adequacy of food, clothing, housing, schooling and health care.

[4] These districts were identified based on a set of household, village, and district level indicators of basic minimum needs that include income and adequacy of food, clothing, housing, schooling and health care.

**Key challenges**

However, some challenges remained to be addressed. Malnutrition remains an acknowledged problem in the Lao PDR. The extent of child malnutrition is of concern with some small improvement since 1990. Estimates suggest that despite considerable efforts, 38% of children under five years of age are underweight. Chronic malnutrition or stunting remains a problem in Laos (affecting 41% of children under the age of five) and requires urgent attention by both government and the international community.

Even though a significant slice of growth in the last two decades has originated from the non-agricultural sector, the overall structure of the workforce has scarcely altered. More than 80% of workers are still engaged in subsistence-oriented agriculture and allied activities. There is little impact of the high and sustained growth in recent years on the workforce (especially agrarian and unprotected urban sectors), where low skill and poor health is widely prevalent.

**Lesson learned**: Continued poverty reduction in the Lao PDR needs to have a strong focus on sustainable agriculture, rural employment and income generation, and promote alternative livelihoods and continuous development of rural infrastructure. In 2003 agriculture still contributed approximately half of the total GDP and provided employment to 80% of the workforce. Over the last decade, agricultural growth averaged nearly 5% per year and was the most important driver in reducing rural poverty. Non-farm rural income opportunities are limited and agriculture's importance to rural households is high.

To sustain the reductions in poverty, the Lao PDR needs higher employment, higher unskilled wage-rates. The Lao PDR has the potential for high rates of sustainable agricultural growth that are key to continued reduction of rural poverty, and aiming for a 5-6% annual rate in the next decade is reasonable. Achieving this will involve transitioning from past reliance on extensive growth to a future that will depend more on intensive sources of growth.

### *2.2. Education*

**"Education is an important pillar of the Government's poverty reduction strategy"**

Education is among the better performing sectors in the Lao PDR as reflected in the continuous progress across all key indicators. Net enrolment rates in primary schools rose from 58% of primary school-age children in 1991 to 84% in 2005.

Progress in retention of students at the primary level, however, is slow, like in other countries of a comparable level of human development. The primary completion rate increased by slightly more than 1 percentage point per year during 1991-2003. At this rate the MDG target looks beyond reach. Literacy rates increased nationwide, and priority districts improved more than the national average. At primary age (basic education), literacy almost doubled from 31% to 58%. The increase in the secondary age groups was more modest.

The improvements seen in education over the past decade are attributable both to economic growth and to the Government policy and interventions. The NSEDP (2006-10) has placed education as one of the four pillars of the poverty reduction strategy. Development of human resources to meet the demand of the socio-economic development of the country and thus reducing poverty is an important goal of NSEDP. The NSEDP provides detailed targets for the period and continues to identify three "pillars" of educational development in Lao PDR (similar to previous plan): (i) equity and access; (ii) quality and relevance; and (iii) strengthened administration and management. Commitment is also expressed to the design of "a comprehensive, balanced and harmonious Sector Wide Approach".

The Lao Government is committed to becoming a "Fast Track Initiative" (FTI) country. FTI is a global partnership initiative between donor and developing countries to ensure accelerated progress of developing countries toward achievement of universal primary education by 2015. FTI is based on mutual commitment where partner countries prioritize primary education through the development of comprehensive national education plans and development partners provide additional coordinated technical and financial assistance in a transparent and predictable manner. FTI is implemented at country level through country-owned programmes and allows development partners to provide increased volumes of aid more effectively through existing channels.

The Ministry of Education recently conducted the Education For All (EFA) Mid-Decade Assessment (MDA) which reviewed and assessed the Lao PDR's progress against the EFA goals agreed at the 2000 World Education Forum in Dakar. EFA is the main vehicle for expanding access to primary and lower secondary education and adult literacy and is recognized as such in the NSEDP. The goals of EFA National Plan of Action (NPA) mirror those of the NSEDP and shall be achieved by consolidating three major tasks: (i) equitable access; (ii) improving quality and relevance; and (iii) strengthening education management.

Given its commitment to EFA and FTI, the Ministry of Education, with technical assistance from ADB and AusAID, is developing a ten-year Educational Sector Development Framework (ESDF) for 2008-18. The creation of the ESDF, will entail assessments of the projected expansion in primary, lower and upper secondary, technical and vocation training, non-formal education and tertiary levels and the

impact this expansion will have on the demand for physical facilities, teachers, textbooks, learning materials and institutional and management capacity. The framework will enable: (i) comprehensive projection of education sector resource requirements; (ii) focused and better coordinated external assistance; and (iii) more balanced sector development.

ESDF will also establish priorities to match resource availability. This process will enable the formulation of annual costed and prioritized plans, which are a requirement of the Vientiane Declaration Country Action Plan. Such budget planning will be conducted on the basis of minimum requirements by unit costing per student at all levels and systems and reinforce the budget management mechanism of the sector in accordance with the principles laid out in the Vientiane Declaration.

The Government of Lao PDR has instituted some pro-poor policy incentives to encourage teachers to teach in rural and remote areas and in multigrade schools.

**Key challenges**

The Government's commitment toward attaining the MDG enrolment and literacy targets require extending education services to the most disadvantaged and underperforming sections elements of the population and removal of barriers that discriminate on the basis of location, gender, ethnic background or wealth.

Budgetary allocations are currently insufficient to meet the needs of the sector and continued reform of public administration is essential if development targets are to be reached. The proportion of the national budget that is allocated to education is relatively low. Public expenditure on education in Lao PDR collapsed with the Asian financial crisis in 1997-98. By 2006-7 the levels had nearly recovered to that of 1995, both in relation to GDP and as a proportion of total public spending. This recovery relates largely to inputs from development partners and does not imply any improvement in the share of domestic funding or in the ratio of recurrent to investment budget.

Since 2004-05, foreign funds contribute 90% of educational investment. Close to 60% of total education budget was externally funded in 2005-06. The ratio of foreign investment to recurrent budget expenditure is declining. The effect of this decline is that schools will be built without the necessary operating budget to pay for teachers, buy textbooks or other resources and perform general maintenance.

National averages hide variations across regions and ethnic groups, and often provinces with low enrolment rates are the ones with high proportion of rural, poor and children of different ethnic groups.

**Lesson learned**: Pushing up enrolment and literacy rates are usually the first policy interventions of any government. While progress on both these indicators has been satisfactory so far, reaching the last 15-20% of the population is always hard and will require additional effort and resources. It is also important to ensure that the Government's push toward attaining the MDG enrolment and literacy targets is such that it benefits all people regardless of their location, gender, ethnic groups or wealth. Effective public expenditure management reform is required to allocate adequate resources and infrastructure across provinces, for all pupils to complete the primary and lower secondary education and to improve the quality of education, develop a pool of trained teachers and improve curriculum to build its human resource capacity and extend educational opportunities to all. Special efforts need to be made to extend the benefits of education to the people without adequate access to basic education. Improvement in enrolment rates needs to be combined with improvement in teacher training to ensure modern methods of teaching sciences, languages and technology.

### *2.3. Health*

**Reducing Child Mortality**

Nationally, the Lao PDR's child mortality indicators are improving satisfactorily. The under-5 mortality rate declined from 170 to 98, and the infant mortality rate from 104 to 70 per 1000 live births between 1995 and 2005. At this rate the 2015 MDG mortality targets seem within reach, though mortality rates are much higher in rural areas, particularly in the most remote districts, than in urban areas.

The progress in mortality indicators is not matched by equally steady progress in immunization of 1-year old children against measles. Until 2007, the proportion of children immunized remained more or less constant, at around the low proportion of 69%. While the recent measles immunization campaign reached over 95% of the target group due to a concerted mobilization of high-level political support and resources, the challenge is now to make necessary institutional changes to sustain this success over coming years.

A cause of concern is the child malnutrition. Insufficient nutrition makes children more vulnerable to communicable diseases such as malaria and dengue fever, acute respiratory infections, diarrhoea and vaccine-preventable diseases such as measles and meningitis, for those children that are not reached by immunisation campaigns. In turn, children who are not reached by essential child health care services are more vulnerable to malnutrition. The fact that child mortality has declined at the same time may be because of increased access to primary health care services such as

village drug kits, village health volunteers, medical and preventive outreach services and easy access to antibiotics.

To get an overall perspective of the state of child health in the Lao PDR, it is important to view the progress in overall child mortality against progress in inter-related indicators such as immunization, nutrition, and access to health services. This will help to devise suitable interventions in order to stabilise the positive trend.

**Lesson learned: Most child deaths are caused by neonatal conditions and communicable diseases, in particular malaria, acute respiratory infections, diarrhoea and epidemics such as dengue fever, measles or meningitis. To address this, the government has to tackle some of the more difficult problems, such as ensuring universal access to quality health care and particularly skilled birth attendants, combating malnutrition, and increasing and sustaining immunisation coverage.**

**Improved maternal mortality**

It is widely acknowledged that to reduce maternal mortality women need to have access to broader reproductive health services especially family planning, skilled assistance at birth and access to emergency obstetric and neonatal care for management of complications.

The Maternal Mortality Ratio, or MMR, is as difficult to estimate accurately, without a strong vital registration system for births and deaths, as it is to reduce in a short span of time. As revealed by the 1995 and 2005 population censuses, the Lao PDR appears to have made progress in reducing maternal mortality - from a figure of 650 deaths per 100.000 live births in 1995, to 405 deaths per 100.000 live births in 2005. Given the difficulties inherent in estimating MMR, it is not unexpected that the Government's estimate is not in line with the global estimate 660 with a range of uncertainty between 190 – 1600 per 100.000. Irrespective of estimated progress, the maternal mortality rate is one of the highest in the region, and it is doubtful if Lao PDR can reach the MDG 5 target given the current levels of investment for maternal health.

Reduction in maternal mortality does not take place in isolation. Rather, it is dependent upon a number of complex factors, and assessing progress on maternal mortality requires a review of these factors. Equally the MMR does not measure maternal health for behind every woman who dies due to complications during pregnancy or childbirth, 20 women survive but suffer from ill health or disability.

Most pregnancy-related deaths occur around the time of delivery, or soon after a termination. Increasing the proportion of births attended by skilled health personnel and with referral capacity to emergency obstetric and neonatal care will significantly reduce maternal and perinatal mortality. The MDG indicator on proportion of births attended by skilled birth health personnel increased by less than 5 percentage points between 1994 and 2005. Universal access to reproductive health is measured by indicators on access and usage of contraception, antenatal care and adolescent fertility. While there has been significant progress in the access and use of contraception, the percentage of births to women receiving antenatal care remain low at 28.5 % (LRHS 2005). Early marriage and pregnancy is still the norm in rural areas where access to life saving services in case of pregnancy related complications are limited.

**Lesson learned: The main priority inventions include family planning to reduce unwanted pregnancies, presence of skilled birth attendants at deliveries, and access to emergency obstetric and neonatal care. These interventions will only be effective if they reach out to women in rural and remote communities. Improvement in the population's health status is a central priority of the NSEDP. Some impressive achievements sit alongside limited progress in certain key areas. A 25% reduction in age-specific fertility rate and the doubling of the contraceptive prevalence rate from 1995 to 2005 are remarkable outcomes. On the other hand the slow increase in the number of births assisted by skilled attendants and the limited availability of emergency obstetric and neonatal care suggest weaknesses in health service provision that could threaten progress on MMR in the future. In order to increase utilization of health services and provide the reproductive health care that is needed to improve the maternal and neonatal health, investment in training and capacity building for health personnel, especially skilled birth attendants, is required. Health systems must meet minimum standards in terms of human resources, infrastructure, supplies, and management. Consequently, recurrent budget expenditures for the health sector including reproductive health need to be increased, and sufficient revenue should be directed to the health sector in general.**

**Combat HIV/AIDS, Malaria and Other Diseases**

HIV prevalence in the general population in Lao PDR remains low, but varies considerably between risk groups and locations. While knowledge of disease transmission is high, there is still a big gap between knowledge and desired behaviors. Correct and consistent used of condoms is low and STI levels continue to be high among service women. As Laos is surrounded by countries with high HIV prevalence,

and is experiencing an increase in mobility of its working-age population within and across its borders, the threat of an expanding HIV epidemic in the country remains real.

A large proportion of Lao population is exposed to Malaria and the early 1990s noted an increase in the morbidity rate. Since then there has been an appreciable drop which may be largely due to the increase in number of people sleeping under insecticide-treated bednets. Death rates from malaria fell from 9 per 100 000 in 1990 to 0.4 in 2006. Still a lot of ground has to be covered to meet the MDG target. Considerable progress has been made in tuberculosis case detection and the MDG target seems to have been achieved by 2005.

Combating Malaria and tuberculosis on a sustained basis requires new drugs to fight the malarial parasite that has become resistant to the drug, and the emergence of new strains of tuberculosis that are multi-drug resistant and are also associated with HIV infection.

The national Malaria control programme revised its treatment policies in 2004 to include Artemisinin based combination therapy (ACTs) as the first line of treatment for uncomplicated malaria. Monitoring of routine sentinel drug resistance currently shows no resistance to ACTs in Laos.

**Lesson learned: - While the prevention of new HIV infections will remain the priority in the Lao PDR, care and support services, including ARV, need to be scaled up. The full package of services needs to be expanded and sustained among appropriate target populations. Blood transfusion services need to ensure that proper cross matching is done, and that proper guidelines are followed in administering blood and blood products. Combating malaria and tuberculosis needs to be continued on a sustained basis. In addition, funding and donor support for TB and malaria control needs to be more diversified. New drugs are required to fight the malarial parasite that has become more resistant to the traditional treatments. Availability of insecticide-treated bed nets need to be expanded through both government distribution and social marketing. There should be efforts to strengthen cross-border malaria control. There is a need for early detection and effective treatment of malaria through comprehensive primary health care approaches. Community participation is also critical to ensure early detection.**

### 2.4. *Promote Gender Equality and Empower Women*

In order to achieve gender equality, it is necessary, to place women's empowerment at the center of national development plans. This includes ensuring that women and girls enjoy a set of basic human capabilities as measured by indicators on education, health, and nutrition; have equal opportunities to use or apply their basic capabilities, including in non-agricultural wage employment and political representation; and have reduced vulnerability to violence and abuse. This has clearly reflected in the commitment by the Lao Government to the promotion of equality between men and women that is articulated as priorities in the NSEDP (2006-10). The gender strategy – aimed at reducing poverty – is founded on the important role played by Lao women in the society. The effective participation of women, especially poor and ethnic women, is essential for the country to achieve the goals of reducing poverty and improving living standards.

The Constitution of the Lao PDR provides a fundamental basis for gender equality by providing that all Lao citizens are equal before the law irrespective of gender, social status, beliefs and ethnicity and that Lao citizens enjoy equal rights in the political, economic, culture and social fields and in family affairs. The current national framework consisting of — *the Constitution (Articles 22 and 24), various laws such as the Law on Women Development and Protection (2003), and institutions such as the LWU and the Lao Commission for the Advancement of Women (LaoNCAW)* — provide an enabling environment for achieving gender equality in the country. In addition, the Lao PDR has also ratified various international Conventions including the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW 1981), and the Beijing Platform for Action (1995). The Government is also committed to implementing the Millennium Development Goals (MDGs), which include gender equality and women's advancement.

In accordance with the implementation of CEDAW, the Lao PDR has steadily made progress toward gender equality and elimination of discrimination by legislative and policy reform on gender-related issues. The Government's commitment to the implementation of CEDAW led to the establishment of the LaoNCAW in April 2003 and the adoption of the Law on the Development and Protection of Women by the National Assembly in October 2004. Under the leadership of LaoNCAW, a number of Ministries have begun to mainstream gender into their activities, while some are in the process of setting up teams to undertake the process. Sub-Commissions for the Advancement of Women (Sub-CAWs) have been established pursuant to Government Instruction in units within Ministries and equivalent organizations, as well in the provinces with a view to ensuring more practical implementation of gender mainstreaming.

Furthermore, NSEDP (2006-10) aims to achieve gender equality in all spheres of society. This is in recognition of the fact that Lao PDR will not be able to realise its

socio-economic development goals without active participation of all women, and particularly poor and ethno-linguistic minority women. The NSEDP recognizes that gender is an issue that is interdependent to other priority areas and it is therefore crucial to involve women in local decision-making, take their needs into account when developing programmes and plans, support poor women's economic activities and improve their access to basic services (education, health and productive resources eg. extension services).

The NSEDSP also details several strategies for improving gender disparities in education. They include recruitment of ethnic teachers, providing incentives for girls to go to school, scheduling primary and secondary classes to encourage school attendance, building dormitories for girls who live too far to travel to school daily and providing distance education and bridging courses to enable female students to enter vocational and technical schools. The Public Administration and Civil Service Authority is in the process of developing a Civil Service Code of Conduct which will deal with discrimination in the civil service and set out grounds of recourse for those affected.

The achievement in elimination of gender disparity is mixed. In education, progress has been slow. Fewer girls than boys are enrolled at all levels, and this share is even lower at the higher education levels. The number of girls per 100 boys in primary education has risen from 77 in 1991 to 86 in 2006. Over the same period, indices for lower secondary education improved from 66% to 78%, for upper secondary from 56 to 74 and for tertiary from 49 to 62%. Low educational levels of girls adversely affect women's prospects of non-agricultural wage employment. In the 10-year period (1995-2005) for which data is available, the share of women in wage employment increased less than 1 percentage point per year, which is close to the rate at which girls narrowed the school enrolment gap. Because of the very slow pace at which the gender gap closes, achieving the MDG targets for elimination of gender disparity at all levels of education by 2015 seem ambitious. The picture is different, however, when it comes to women's political representation. The proportion of female members of the National Assembly has increased significantly, from 6% in 1990 to 25% in 2006, and is among the highest in the region. With three female Ministers in the Government as well as one female Vice-Minister and five equivalent positions filled by women, it is clear that progress has been made.

**Key challenges**

Although at national level there has been an overall improvement in indicators for gender equality and empowerment of women, the challenge lies in identifying and addressing the causes of the great disparities that exist between urban and rural areas and between different ethnic groups.

While the establishment of LaoNCAW and the support of the Government in establishing SubCAWs within Ministries and provinces is an extremely positive step, it is widely acknowledged that at present, these organisations are lacking critical capacity to carry out their mandate. In order to ensure these organisations can provide the requisite support to Government in the area of gender policy and strategic action toward the advancement of women, capacity building activities are necessary. It is also necessary to look at public expenditure and the link between reform and gender sensitive policies and programs. The reform of the public expenditure system must result in more appropriate investment in education and greater allocations of budget toward addressing gender disparities and to building the capacity of institutions such as LaoNCAW.

Despite the increased numbers of women members of the National Assembly, there is an ongoing need to improve their skills and capacity in a more systematic manner so as to enable them to participate more fully and enhance their role. There is also a need to work with all members of the National Assembly, to focus on gender roles and the impacts of legislation on women and to arm members with the appropriate skills and knowledge so that legislation and potential impacts can be deliberated and discussed. There is a need to create conditions in which women can better participate in the process of policy and decision-making at all levels, increasingly sharing responsibilities in different sectors.

**Lesson learned**: To achieve more gender equality it requires a better understanding at all levels of the dynamics that sustain and/or create gender inequalities; targeted policies, strategies, actions and re-prioritising public expenditure. And this, in turn, requires committed leadership and political will. As gender inequality is deeply rooted in entrenched attitudes, societal institutions and market forces, political commitment at the highest national level is essential to institute the policies that can trigger social change and to allocate the resources necessary to achieve gender equality and women's empowerment.

The newly set up Lao National Commission for the Advancement in Women (LNCAW) provides an excellent opportunity for the government to mainstream gender issues across various sectors. Although the government has begun to collect data disaggregated by sex, there is a need to further pursue data collection and dissemination on gender issues, in order to better sensitize decision-makers and communities to the problems faced by the female population.

### 2.5 *Sustainable Development*

The Lao PDR is endowed with diverse, productive and ecologically unique natural resources. Poverty is linked to environmental conditions as poor people rely disproportionately on the environment, in particular agricultural biodiversity resources, to meet their daily needs. For example, forests supply poor people with non-wood forest products for consumption, shelter, fuel, and an important source of income. The conservation and sustainable use of agricultural biodiversity play an important role in the Lao PDR to achieve the MDGs 1 and 7 as there is a strong link between natural resources and nutrition in this country.

Lao PDR has a wealth of natural resources: forest cover that is substantially higher than in surrounding countries; the largest per capita volume of (internal) renewable water resources in the region; and considerable mineral resources, such as gold, lignite and copper. Lao PDR is also one of the most biodiversity-rich countries in the region. A relatively low population density and a moderate rate of natural resource utilization[5] relative to neighbouring countries have allowed significant natural and cultivated biological resources to survive.

These natural resources have catalysed past economic growth throughout the Lao PDR, playing a significant role in supporting rural livelihoods and contributing towards the national economy. For example, over 80% of the population is engaged in agriculture and fisheries and are, thus, directly dependent on the natural resource base. Timber and hydropower are Lao PDR's primary exports, accounting for two-thirds of total export value. According to the Lao economic monitor(April 2008) the real GDP growth was recorded 7.5% in 2007 and is projected to reach 7.9% in 2008.

Currently, forest areas cover up to 25% of land in some northern provinces and as much as 70% in some of the southern provinces. Forest resources play a central role in the Lao economy. In 1998 forest products accounted for 42% of the country's foreign exchange earnings, but their share declined to about 10% in 2006. Forests in Lao PDR make essential contributions to nutrition, income, energy and shelter for the 80% of the Lao population residing in rural areas that rely on non-timber forest products for subsistence and for offsetting seasonal food shortages. Forest areas contain rich ecosystem diversity and species of great national and international importance. In addition, they provide other environmental services to the well-being of the local people by controlling soil erosion, protecting watersheds and supporting agriculture. However, the integrity and functions of these forests are being degraded by

[5] Actually, Lao exhibits a very high rate of natural resource utilization once access to an area is feasible. It is actually the lack of access to many parts of the country that his restricted the scale of extraction of natural resources. Within the last decade, is changing as access improves in the absence of management and the country is experiencing a steep decline in populations of many species of animals and plants.

unsustainable harvesting of wood and non-wood forest products[6] due to inadequate management.

The forest resources continue to decline at a rapid pace. During the 1940s, the forest cover represented about 70% of the total area which had declined to about 64% in the beginning of the 1960s and to 42% by 2002. This is largely due to clearing of lowland forest for permanent agriculture and unsustainable logging. Given the limited diversification of the Lao economy, forest clearing continues at an estimated rate of 134,000 ha per annum and at this rate country's last remaining forest may disappear by 2070.

An estimated 146,000 hectares of planted forests have been established, particularly in a recent planting boom since 2006, primarily by large foreign companies. Additional farmers are beginning to use agricultural land for plantations instead of agricultural production. In some instances natural forests have been cleared to establish planted forests. A multi-stakeholder process to prepare a national guideline for responsible management of planted forests is underway to enhance the social, cultural, environmental and economic benefits of planted forests.

Although Lao PDR is a minor player to climate change, climate change at the global and regional levels may have significant impacts on the Lao PDR. The country's contributions to GHG emissions were mainly related to widespread use of fuel wood and swidden agriculture, or slash-and-burn farming. The conservation and sustainable management of agricultural biodiversity can play a role in adapting to the effects of climate change. Global and regional climate change scenarios and their impact to the Lao people should be considered.

**Government strategy on sustainable development**

The institutional structure for environmental management in the Lao PDR consists of: (i) national committees that guide inter-sectoral coordination among agencies; (ii) national-level ministries and agencies, which have a core role in environmental protection and conservation; (iii) provincial and district entities that have devolved responsibility for environmental protection; and (iv) mass organizations which support the government in promoting public participation and awareness.

The Forestry Law was amended in 2007 to strengthen sustainable management of forest and the Wildlife Law was also enacted to provide a stronger legal framework for biodiversity conservation. Implementation and enforcement of these laws are keys to meeting the targets. Furthermore, the Government has formulated a wide array of legislation and regulations for environmental conservation and protection. The Environmental Protection Law (1999), supported by its Implementing Decree (2002),

[6] Lao suffers from the "empty forest" syndrome. Except in the most inaccessible areas, the forests of Lao have abnormally low levels of most wild animals due to unmanaged extraction.

is the country's principal environmental legislation. It includes measures for the protection, mitigation and restoration of the environment, as well as guidelines for environmental management and monitoring.

Significant steps can be made in the areas of fisheries legislative reform, more effective design and operation of water control systems (e.g. irrigation), better appreciation of the contribution of wetlands and water habitats in sustaining aquatic biodiversity and a more rigorous commitment to environmental impact and true valuation of the costs of water development initiatives, not only by the Lao Government, but more importantly by the private sector investment and engineering interests and the lending institutions, which support them.

**Lesson learned**: The Government has enacted a wide array of legislation, regulations and action plans for environmental conservation and protection, including through other sectors such as health. The Environmental Protection Law (1999), supported by its Implementing Decree (2002), is the principal environmental legislation. It includes measures for the protection, mitigation and restoration of the environment, as well as guidelines for environmental management and monitoring. The Prime Minister's Decree on Health Impact Policy was enacted in 2007 to safe-guard public health. National Environmental Health Action Plans are being drafted to provide multi-sectoral collaboration and cooperation on environment and health programmes in the country. The capacity of various institutions to implement and enforce environmental regulations as well as environmental action plans needs to be strengthened. In addition, there is an urgent need to increase awareness of the need for environmental protection and environmental and health correlations among the general public. The Forestry Law was amended in 2007 to strengthen sustainable management of forest and the Wildlife Law was also enacted to provide a stronger legal framework for biodiversity conservation. Implementation and enforcement of these laws are one of the keys to meeting the targets.

## Enclosure

# Summary statistics on the Millennium Development Goals indicators

### Goal 1: Eradicate extreme poverty and hunger

| | 1990 | 1995 | 2000 | 2005 | 2015 Target |
|---|---|---|---|---|---|
| **Target 1A: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day** | | | | | |
| 1.1. Proportion of population below $1 (PPP) per day[1] | 46 (1992) | 39 (1997) | 34 (2002) | | 24 |
| 1.2. Poverty gap ratio | 11 (1992) | 10 (1997) | 8 (2002) | | 8 |
| 1.3. Share of poorest quintile in national consumption | 9 (1992) | 8 (1997) | 8 (2002) | | Not decided |
| **Target 1B: Achieve full and productive employment and decent work for all, including women and young people** | | | | | |
| 1.4. Growth rate of GDP per person employed | | 5% per year (1995-97) | | 8.5% per year (2002-05) | |
| 1.5 Employment-to-population ratio | | 47 | | 49 | Under consideration |
| 1.7 Proportion of own account and contributing family workers in total employment | | 90 | | 88 | Under consideration |
| **Target 1C: Halve, between 1990 and 2015, the proportion of people who suffer from hunger** | | | | | |
| 1.8. Prevalence of underweight children under-five years of age | | 44 (1993) | 40 | 38 (2006) | 26 |
| 1.8A Prevalence of stunting in children under-five years of age | | 48 (1993) | 42 | 41 (2006) | 35 |
| 1.9. Proportion of population below food poverty line[2] | | 38 | 33 | 22 | 19 |

Note: [1] This refers to national poverty line.

[2] This indicator is a proxy for "proportion of population below minimum level of dietary energy consumption".

Sources: LECSI (1992-93); LECSII (1997-98); LECSIII (2002-03); Population Census (1995, 2005), MICS III (2006), LSIS

## Goal 2: Achieve universal primary education

| | 1990 | 1995 | 2000 | 2005 | 2015 Target |
|---|---|---|---|---|---|
| **Target 2A: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling** | | | | | |
| 2.1. Net enrolment rate in primary school | 58 (1991) | | 80 (2001) | 84 | 98 |
| 2.2. Proportion of pupils starting grade 1 who reach grade 5 | 48 (1991) | | 62 (2001) | 62 | 95 |
| 2.3. Literacy rate in the age group 15-24 years | 71 (1995) | | 79 (2001) | 84 | 99 |

Sources: Ministry of Education; Population Census (1995, 2005); Lao National Literacy Survey (LNLS)

## Goal 3: Promote gender equality and empower women

| | 1990 | 1995 | 2000 | 2005 | 2015 Target |
|---|---|---|---|---|---|
| **Target 3A: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015** | | | | | |
| 3.1. Ratio of girls to boys (Number of girls per 100 boys) enrolled (^) in | (all 1991) | | (all 2002) | (all 2006) | |
| - Primary | 77 | | 84 | 86 | 100 |
| - Lower secondary | 66 | | 74 | 78 | 100 |
| - Upper secondary | 56 | | 68 | 74 | 100 |
| - Tertiary | 49 | | 57 | 62 | 100 |
| 3.2. Share of women in wage employment in the non-agricultural sector (%) | | 38 | | 44<br>50 (2006) | No target |
| 3.3. Proportion of seats held by women in National Parliament | 6 | | 23 (2002) | 25 (2006) | Target under consideration |

Sources: Ministry of Education; Population Census (1995, 2005); NSC, "Economic Census", 2007; National Assembly

## Goal 4: Reduce child mortality

| | 1990 | 1995 | 2000 | 2005 | 2015 Target |
|---|---|---|---|---|---|
| **Target 4A: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate** | | | | | |
| 4.1. Under-five mortality rate | | 170 | 107 | 98 | 70 |
| 4.2. Infant mortality rate | | 104 | 82 | 70 | 45 |
| 4.3. Proportion of 1 year-old children immunised against measles | | 68 | 60 | 69 | 90 |

Sources: The 1995 and 2005 figures from the Population Census (1995, 2005); the 2000 figure from the LRHS (2005); Ministry of Health (Immunisation Centre)

## Goal 5: Improve maternal health

| | 1990 | 1995 | 2000 | 2005 | 2015 Target |
|---|---|---|---|---|---|
| **Target 5A: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio** | | | | | |
| 5.1. Maternal mortality ratio (deaths per 100,000 live births) | | 650 | 530 | 405 | 260 |
| 5.2. Proportion of births attended by skilled birth personnel | | 14 (1994) | 17 | 23* | 50 |
| **Target 5B: Achieve, by 2015, universal access to reproductive health** | | | | | |
| 5.3. Contraceptive prevalence rate | | 20 (1994) | 32 | 38 | No target |
| 5.4 Ante-natal care coverage | | | 96 | 76 | No target |
| 5.5 Age-specific fertility rate | | | 21 | 28.5 | No target |
| 5.6 Unmet need for family planning (Dropped) | | | 40 | 27 | |

* The estimate is weighted and therefore higher than the 18.5 in the LRHS 2005.

Source: Ministry of Health, LRHS (2005)

## Goal 6: Combat HIV/AIDS, malaria and other diseases

| | 1990 | 1995 | 2000 | 2005 | 2015 Target |
|---|---|---|---|---|---|
| **Target 6A: Have halted by 2015 and begun to reverse the spread of HIV/AIDS** | | | | | |
| HIV prevalence among general population (%) | | | 0.06 (2001) | 0.1 (2007) | <1 |
| 6.1. HIV prevalence among high-risk group 15-24 years old (%) | | | 0.4 (2001) | | <5% |
| HIV prevalence among commercial sex workers 15-49 years old (%) | | | 0.9 (2001) | 2 (2004) | <5 |
| Percentage of condom use among commercial sex workers | | | 72.7 (2001) | 54.4 (2004) | |
| **Target 6B: Achieve, by 2010, universal access to treatment for HIV/AIDS for all those who need it** | | | | | |
| 6.5 Proportion of population with advanced HIV infection with access to antiretroviral drugs | | | | | |
| **Target 6C: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases** | | | | | |
| 6.6. Death rates associated with malaria (per 100,000 population) | 9 | 14 | 7 | 0.4 (2006) | 0.2 |
| Morbidity rate due to malaria (confirmed cases per year per 1000) | 10 (1991) | 12 | 8 | 3 (2006) | |
| 6.7. Proportion of children under-5 sleeping under bed-nets | | | 82 | 87 (2006) | 95 |
| 6.8. Prevalence and death rates associated with Tuberculosis (per 100,000) | 472 | | 357 | 306 | 240 |
| 6.9. Proportion of Tuberculosis cases detected and cured under Directly-Observed Treatment Short Courses (DOTS)<br>- detected<br>- cured | | <br>24<br>72 | <br>42<br>80 | <br>72<br>90 | <br>70<br>85 |

Source: Data from CHAS, WHO, UNAIDS; CMPE, MICS, various years; WHO for data on TB

## Goal 7: Ensure environmental sustainability

| | 1990 | 1995 | 2000 | 2005 | 2015 Target |
|---|---|---|---|---|---|
| **Target 7A: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources** | | | | | |
| 7.1. Proportion of land area covered by forests (%) | 47 (1992) | | 42 (2002) | | Under consideration |
| 7.2. $CO_2$ emissions, total, per capita and per $1 GDP (PPP) and consumption of ozone-depleting substances (metric tones) | | 50 (1999) | 42 (2002) | 18 (2006) | 0 |
| 7.4. Proportion of total water resources used (%) | | 2 (1999) | | 2-5 (2006) | |
| **Target 7B: Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss** | | | | | |
| 7.6 Proportion of species threatened with extinction (%) | | | | 1.6 (2004) | |
| **Target 7C: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation** | | | | | |
| 7.7. Proportion of population using an improved drinking water source (%) | 28 | | 52 | 74[7] (2007) | 80 |
| 7.8. Proportion of population using an improved sanitation facility (%) | | 29 | 37 | 49[8] (2007) | 60 |

Source: Ministry of Agriculture and Forest ;, Science Technology and Environment Agency ; LECS; Population Census; National Centre for Environnemental Heath and Water Supply

[7] Definition and criteria for improved water and sanitation coverage used in this report, provided by the National Centre for Environmental Heath and Water Supply (Nam Saat), varied from province to province, and hence there is a need of an agreed set of criteria (and definition) to report future water and sanitation coverage.

[8] Ibid.

## Goal 8: Partnership for development

| | 1990 | 1995 | 2000 | 2002 | 2005 | 2015 Target |
|---|---|---|---|---|---|---|
| **Target 8A: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system** | | | | | | |
| Average tariffs imposed on exports of agri products, clothing and textiles to developed markets economies with which Lao PDR has<br>- MFN status<br>- preferential trade agreements | <br>21<br>17 | | <br>20<br>17 | <br>8<br>7 | <br>8<br>6 | |
| Proportion of exports of agricultural products, clothing and textiles (by value) to developed market economies from Lao PDR admitted free of duty | 99 | | 98 | 100 | 99 | No targets |
| The border cost related to importing one container (US$ per container) | | | | | 1690 | |
| The border cost relating to exporting one container (US$ per container) | | | | | 1420 | |
| **Target 8B: Address the special needs of the least developed countries**<br>**Target 8C: Address the special needs of landlocked developing countries** | | | | | | |
| 8.1 Proportion of total bilateral ODA of OECD/DAC donors to basic social services | | | | 32 (2003) | 35 (2004) | |
| 8.3 Proportion of bilateral ODA of OECD/DAC donors that is untied | | | | | | |
| ODA received as<br>- proportion of its GDP<br>- in US$ per capita | | | | <br>21<br>74 | <br>13<br>81 | No targets |
| 8.4 ODA received as proportion of its GNI | 17 | 17 | 17 | 16 | 11 | |
| Proportion of ODA provided to help build trade capacity | | | | | | |
| Proportion of ODA grants to LDCs that goes to Lao PDR | 0.6 | 1.8 | 2.3 | 1.7 | 0.9 | |
| Net ODA received from OECD/DAC donors by Lao PDR as percent of its GDP | | 9.7 | 11.2 | 9.8 | 5.5 | |
| **Target 8D: Deal comprehensively with the debt problem** | | | | | | |
| Debt servicing as a percentage of exports of goods and services | 8.5 | 6.1 | 9 (2001) | | | No targets |
| **Target 8F: In cooperation with the private sector, make available the benefits of new technologies, especially information and communication** | | | | | | |
| 8.14 Telephone lines per 100 population | 0.2 | 0.5 | 0.7 | 1.5 | 1.6 | No targets |

| | 1990 | 1995 | 2000 | 2002 | 2005 | 2015 Target |
|---|---|---|---|---|---|---|
| 8.15 Cellular subscribers per 100 population | | | 0.6 (2001) | 9.8 | 13.5 | |
| 8.16 Internet users per 100 population | | | | 0.05 (2004) | 0.08 | |
| Access to radio | | 36 (1997) | 46 (2002) | | | |
| Access to television | | 31 (1997) | 41 (2002) | | | |

Sources: World Bank Doing Business; Foreign Aid Report, MoFA; UN; OECD; Song